



WISCONSIN

DEPARTMENT OF WORKFORCE DEVELOPMENT
Division of Economic Support
Bureau of Work Support Programs

TO: **Economic Support Supervisors
Economic Support Lead Workers
Training Staff
Child Care Coordinators
W-2 Agencies**

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Non W-2 ☐ W-2 ☐ CC ☐

PRIORITY: High

SUBJECT: **MEDICAID DEDUCTIBLE COUNTABLE COSTS**

CROSS REFERENCE: Medical Assistance Handbook, Appendix 20.8.1 & 20.8.2

EFFECTIVE DATE: Immediately

PURPOSE

This memo revises the Medicaid (MA) deductible policy as it pertains to countable costs. The countable cost policy is being expanded to include those costs which a service provider ultimately "writes off", usually for a reason related to the client's inability to pay.

BACKGROUND

Previously, bills that were written off by the service provider could not be used to meet a MA deductible unless the service was received at a Hill-Burton facility. This means that clients who had medical bills written off by non Hill-Burton facilities were not given the same opportunities to qualify for MA as some others. For purposes of equity and simplification, we are broadening the allowable cost policy to include bills for medical services that are written off by any provider as long as the write off occurs within specific time frames.

POLICY

Count the cost of a medical service as an allowable deductible cost even though the provider "writes off" the bill and ceases to pursue collection from the client. Apply the same policy to these forgiven bills in the same manner as you would a paid bill.

In other words, to be considered an allowable deductible expense, the bill be must written off during the:

1. Current deductible period, or,
2. Deductible period that immediately precedes and borders on the current deductible period, or,
3. Three months prior to the month of application

Depending upon the circumstances, a client might have to verify the date a bill was incurred, the date of a partial payment, and the date of a partial or complete write off, all for the same service. Each one of these individual dates can be critical when determining allowable deductible costs. It is our hope and expectation that providers will cooperate in providing these dates, especially the date on which they write off someone's debt.

Example: Jim has brain surgery and incurs a \$6,000.00 hospital bill. His deductible is \$500.00 and he is certified from 1/1/2000 through 6/30/2000. On 6/10/2000, he inherits \$4,000.00 and immediately uses it to pay off some of his hospital bill. A new deductible period begins 7/1/00 and Jim uses a portion of the \$4,000.00 bill, paid on 6/10/00, to meet another \$500.00 deductible and he is now certified from 7/1/00 through 12/31/00. To this point, Jim has used \$500.00 of an incurred expense and \$500.00 of a paid expense both from the same service to meet 2 separate deductibles. Two years pass and Jim was never re-certified for MA beyond 12/31/00. The hospital never received another payment from Jim and ultimately wrote off the remaining \$2,000.00 debt on 12/15/2002. Jim has a stroke on 1/10/2003 and applies for MA on 1/25/2003. Jim now has to meet a \$1,200.00 deductible.

He can use some of the \$2,000.00 write off, which occurred during the 3 months prior to the month of application, to meet his new deductible and be certified anytime after 12/15/2002.

Prior to the date of the actual write off, these bills can count toward a deductible as any other unpaid, incurred medical expense might be counted. All other deductible rules apply (e.g., a bill cannot be counted if it has been used to meet a prior deductible, the bill is for a medical or remedial expense, etc.).

County Human Service Departments and Community Program Departments typically provide medical and remedial services to people with limited or no ability to pay. The cost of some or all of the service may be either written off or collection deferred to some unknown future date if the client ever subsequently receives an inheritance, wins a lottery, or acquires resources in some other manner. These bills can also be used to meet a deductible as long as the client or provider can verify the date the expense was incurred or the date it was written off.

MA HANDBOOK REVISION

This policy will be included in a future handbook release. Until then:

1. Include it as item #7 in appendix 20.8.1
2. Delete item #3 in appendix 20.8.2.

CONTACT

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Note: Email contacts are preferred. Thank you.